

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

Date: July 7, 2008

To: Honorable Council President Scott Peters and Members of the City Council

From: Andrea Tevlin, Independent Budget Analyst

Subject: Monthly Update on Contract with Actuarial Service Company, P.C.

On February 5, 2008, the City Council approved Item-330, Agreement with Actuarial Service Company, P.C. (Company) to provide anticipated actuarial consulting services and analyses related to the City's retirement system for an amount not to exceed \$152,000. As previously stated in "Update on Contract with Actuarial Service Company, P.C.," the Council directed the IBA to provide a monthly status update and review of the Actuarial Contract. This update covers work performed during the month of May.

For the month of June, the Company billed the City \$17,784 for a total of 74.1 hours of work. Approximately \$73,000 remains on the contract for future services. Listed below is a breakdown of the work performed for each recipient.

Services performed for:

Independent Budget Analyst

The Company billed the City \$9,984 for 41.6 hours of work requested by the IBA. In that time, Mr. Esuchanko developed and valued several additional sample retirement plan designs and analyzed projected cost savings of the Mayor & Council President Compromise Proposal for new employees. Mr. Esuchanko's report on this analysis will be provided as back-up materials to the proposal when it is presented for City Council consideration later this month.

| June 2008 Fee Summary | |
|------------------------------|----------------------|
| Total Contract Amount | \$ 152,423.85 |
| Previously Invoiced | \$ 61,624.45 |
| <i>June Expenses</i> | |
| IBA | \$ 9,984.00 |
| City Attorney | \$ 7,800.00 |
| Total May Expenses | \$ 17,784.00 |
| Balance Remaining | \$ 73,015.40 |

City Attorney

The Company billed the City Attorney \$7,800 for 32.5 hours of work in June. In that time, Mr. Esuchanko worked on a project to equate the value of the increases in benefits realized through MP1, MP2, Corbett and DROP to "years of service purchased." His final analysis was provided to Mr. Aguirre in a report on June 27, 2008. As stated in previous memos, the Mayor has authorized Mr. Esuchanko to perform work requested by

the City Attorney up to \$50,000. To date, the City Attorney has expended approximately \$15,600. The Mayor has assumed responsibility for funding.

Since the inception of the Agreement, nearly \$80,000 of the \$150,000 contract has been spent on actuarial services. \$73,000 remains for future work to be performed by the Company.

| Actuarial Services Contract Breakdown | | | |
|---------------------------------------|----------------------|---------------------|----------------------|
| | Mayor/Council/IBA | City Attorney | COMBINED |
| Expended | \$ 63,760.88 | \$ 15,647.57 | \$ 79,408.45 |
| Remaining | \$ 38,662.97 | \$ 34,352.43 | \$ 73,015.40 |
| | | | |
| TOTAL CONTRACT VALUE | \$ 102,423.85 | \$ 50,000.00 | \$ 152,423.85 |

Attachment: June 2008 Fee Summary, Actuarial Service Company, P.C.